

November 26, 2001

ALABAMA CDBG INTERGOVERNMENTAL  
POLICY LETTER NUMBER 12(a)

(REVISION 1)

TO: Persons Interested in the State CDBG Program

FROM: Norman B. Davis, Jr.  
Director

POLICY ON ALLOWABLE ADMINISTRATIVE COST

This policy applies to all new CDBG grants awarded after the date of this letter.

CDBG project administration costs, i.e., program management, advertisements, audit, and eligible pre-agreement costs, shall not exceed the percentages of total project cost or maximums listed below:

<u>Total Project Cost</u>	<u>Administrative Percentage</u>
Under \$200,000	12% / not to exceed \$20,000
\$200,000 - \$400,000	10% / not to exceed \$32,000
Over \$400,000	8% / not to exceed \$50,000

Any project of a complex nature which could possibly warrant additional administrative costs in excess of the maximum allowed may be approved by ADECA on a case-by-case basis if sufficiently justified.

Costs budgeted for work write-ups and inspections for housing rehabilitation projects should be identified as a separate budget line item, and the amount allocated for this activity must continue to be reasonable and necessary. Also, appraisals, surveys, and legal fees associated with acquisition and/or relocation are considered service delivery costs and should be included in the applicable construction line item.

NBD:SAO:md